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**AUDUBON REGIONAL LIBRARY**  
**ANNUAL FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2014**

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AUDUBON REGIONAL LIBRARY  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014  
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# **MC DUFFIE K. HERROD, LTD.**

**(A Professional Accounting Corporation)**

**McDUFFIE K. HERROD**  
**CERTIFIED PUBLIC ACCOUNTANT**

Member:

American Institute of CPAs  
Society of Louisiana CPAs

POST OFFICE BOX 8436  
12410 WOODVILLE ST.  
CLINTON, LA 70722  
Telephone (225) 683-3888  
Facsimile (225) 683-6733  
Email [mkherrod@bellsouth.net](mailto:mkherrod@bellsouth.net)

## **Independent Auditor's Report**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Audubon Regional Library, as of December 31, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Audubon Regional Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Audubon Regional Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Audubon Regional Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Audubon Regional Library as of December 31, 2014, and the respective

changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

For the year ended December 31, 2015, Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be implemented. The implementation of this standard may result in a negative net position on the Statement of Net Position.

### **Other Matters**

#### *Required Supplementary Information*


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon Regional Library's official financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, We have issued a report dated June 26, 2015, on our consideration of the Audubon Regional Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Audubon Regional Library's internal control over financial reporting and compliance.

  
McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation  
June 26, 2015

## **MANAGEMENT DISCUSSION AND ANALYSIS**



**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

As management of the Audubon Regional Library (here after referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2014. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

**FINANCIAL HIGHLIGHTS**

- The Audubon Regional Library is a two-parish public library system that was organized in 1961. The rural parishes of East Feliciana and St. Helena share administration costs, bookmobile services and library collections to provide enhanced library and information services to the 31,470 residents of the combined parish areas. The Library serves both parishes with a headquarters library located in Clinton, two branches in Jackson and Greensburg, and a bookmobile that travels across both parishes.
- In September 2014, a new library director, Patricia Boatman, was hired to replace the retiring director, Mary Lindsey.
- The Library budget is advertised, subject to public review, approved by the Library Board of Commissioners in December of the previous year. Financial reports are reviewed and revised quarterly throughout the year. The Auditor reports to the Board at the conclusion of the audit and makes recommendations, as needed, for improvement.
- In 2014, the Library circulated 52,058 items. The library held 96 programs with 2,697 in attendance. The Library owns 79,998 items and continues to expand items in all branches.
- The Library now has 3,227 current borrowers, and added 598 borrowers during 2014.
- The Library offers free public access to computers with internet. The Library recorded 22,316 patrons using electronic resources and used Library wireless for 6,730 additional sessions.
- The Library received \$43,750 in State Aid for the fiscal year 2014-2015. With these funds, the Library was able to update computer equipment and software, develop a library webpage, purchase e-books, buy a new printer for each library, replace the old 2003 server, and make other technological improvements throughout the system.

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

- The Library continues to stretch its funding to provide the maximum possible library services. The greatest asset remains Audubon Regional Library's dedicated staff, most of whom work part-time. The biggest constraint limiting further service remains the relatively small facilities the Library operates from in all locations. The Library should have approximately 31,000 square feet to serve this population with essential library services. Today, the three branches of the Library total 6,434 square feet.
- Throughout 2014, the Library reached out into the communities to partner with other organizations to provide programs and improve services that would benefit its citizens.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements on pages 11 and 12 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 13 are fixed financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services, such as library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

**Government-wide Statements**

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net position on page 11 includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 12, regardless of when cash is received or paid.

These two statements report the Library's net position and changes in them. Net Position - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health, or financial position. Over time, increases and decreases in the Library's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library. The government-wide financial statements of the Library report only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

**Fund Financial Statements**

The fund financial statements, beginning on page 13, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library used to keep track of specific sources of funding and spending for particular purposes.

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements.



**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Net Position. The Library's combined net position increased between fiscal years 2013 and 2014. (See Table 1 below)

**Table 1  
Library's Net Position**

	Governmental Activities	
	2013	2014
Current and other assets	\$1,047,565	\$1,162,053
Capital assets, net	188,715	200,761
Total Assets	\$1,236,280	\$1,362,814
Current liabilities	31,910	47,962
Non-current liabilities	0	0
Total Liabilities	\$ 31,910	\$ 47,962
Net Position:		
Invested in capital assets, net of depreciation	188,715	200,761
Restricted	66,383	120,787
Unrestricted	949,272	993,304
Total net position	\$1,204,370	\$1,314,852

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Approximately 87 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish.

The total cost of all programs and services increased from the prior year. The Library's expenses cover all services, which it offers to the public.

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

**Governmental Activities**

**Table 2  
Changes in Library's Net Position**

	Governmental Activities	
	2013	2014
Revenues		
Program Revenues		
Charges for services	\$ 13,523	\$ 12,010
E-Rate and grants	49,039	66,356
Donations – Building Fund	100	130
Other Revenues	494,739	542,506
Total Revenues	<u>\$ 557,401</u>	<u>\$ 621,002</u>
Expenses		
General	\$ 473,715	\$ 508,834
Governmental		
Total Expenses	<u>473,715</u>	<u>508,834</u>
Increase in net position	<u>\$ 83,686</u>	<u>\$ 112,168</u>

**Table 3  
Net Cost of Library's Governmental Activities**

	Governmental Activities	
	2013	2014
Library Services	\$ 460,192	\$ 465,753
Increase in net position	<u>\$ 460,192</u>	<u>\$ 465,753</u>

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

As the Library completed the year, its governmental funds reported a combined fund balance of \$1,114,091 reflecting an increase over the prior year. All, but \$120,787 of this fund balance is unrestricted and unassigned.

**General Fund Budgetary Highlights**

During the year, the library operated well within its budget. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures.

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year, the Library has invested \$200,761 in capital assets. (See Table 4).

**Table 4  
Library's Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities	
	2013	2014
Vehicles	\$ 0	\$ 0
Furniture and equipment	25,854	40,005
Library books	162,860	160,756
Total	<u>\$ 188,714</u>	<u>\$ 200,761</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approximately 74 percent of the Library's revenues are derived from an ad valorem tax on the voters of each parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Neither library fees nor grant income is expected to increase; therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2015 should approximate the same as the year's 2014 budget.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Patricia Boatman, Director, P. O. Box 8389, Clinton, Louisiana 70722.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

AUDUBON REGIONAL LIBRARY  
Statement of Net Position  
December 31, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 219,625
Investments	391,941
Receivables	533,773
Prepaid expenses	16,714
Capital assets, net of depreciation	<u>200,761</u>
Total Assets	<u><u>\$ 1,362,814</u></u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	10,894
Intergovernmental payable	15,974
Deferred Grant Revenue	<u>21,094</u>
Total Liabilities	<u><u>\$ 47,962</u></u>
<u>NET POSITION</u>	
Invested in capital assets	200,761
Restricted - Building fund	120,787
Unassigned	<u>993,304</u>
Total Net Position	<u><u>\$ 1,314,852</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Activities  
For the Year Ended December 31, 2014

Culture and recreation:	
Personal services	\$ 294,610
Operating services	143,636
Materials and supplies	10,965
Subscriptions & Periodicals	16,542
Depreciation expense	43,081
Total Program Expenses	<u>\$ 508,834</u>
Program revenues:	
Fines and forfeitures	2,249
Fees and charges for Library services	<u>9,761</u>
Total Program Revenue	<u>12,010</u>
Net Program Expenses	<u>\$ 496,824</u>
General revenues:	
Taxes - ad valorem	461,784
Intergovernmental:	
State revenue sharing	51,064
State aid revenue	27,827
Local grants	3,672
Interest earned	1,150
Other revenue	25
E-Rate reimbursements	62,684
Donations - Building fund	130
Donations - Other	656
Total general revenues	<u>\$ 608,992</u>
Change in Net Position	112,168
Net Position - Beginning of year	<u>1,202,684</u>
Net Position - End of year	<u><u>\$ 1,314,852</u></u>

The accompanying notes are an integral part of this statement

# **BASIC FINANCIAL STATEMENTS (OVERVIEW)**



AUDUBON REGIONAL LIBRARY

Balance Sheet  
Governmental Funds  
December 31, 2014

	<u>Governmental Fund Types</u>		Total (Memorandum) (Only)
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 219,625		\$ 219,625
Investments, at amortized cost	271,154	120,787	391,941
Receivables	533,773		533,773
Prepaid Expenses	16,714		16,714
Total assets	<u>\$ 1,041,266</u>	<u>\$ 120,787</u>	<u>\$ 1,162,053</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable & accrued liabilities	10,894		10,894
Intergovernmental payable	15,974		15,974
Total liabilities	<u>\$ 26,868</u>	<u>\$ -</u>	<u>\$ 26,868</u>
<u>Deferred inflows of resources</u>			
Grant Revenue for future periods	<u>\$ 21,094</u>	<u>\$ -</u>	<u>\$ 21,094</u>
<u>FUND BALANCE</u>			
Fund balance-reserved for building fund		120,787	120,787
Fund balance- unassigned	993,304		993,304
Total Fund Balances	<u>\$ 993,304</u>	<u>\$ 120,787</u>	<u>\$ 1,114,091</u>
Total liabilities and Fund Balance	<u>\$ 1,041,266</u>	<u>\$ 120,787</u>	<u>\$ 1,162,053</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Position  
For the Year Ended December 31, 2014

Total fund balance - governmental funds	\$ 1,114,091
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Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not current  
financial resources and, therefore, are not reported in the  
Balance sheet - governmental funds.

200,761
<hr/>

Total net position of governmental activities	<u>\$ 1,314,852</u>
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The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2014

	General Fund	Special Revenue Funds	Total (Memorandum) (Only)
<u>REVENUES</u>			
Ad valorem taxes	\$ 461,784		\$ 461,784
Intergovernmental revenues			
State revenue sharing	51,064		51,064
E-Rate revenue	62,684		62,684
State aid	27,827		27,827
Local grants	3,672		3,672
Interest earnings	540	610	1,150
Fees and charges for library services	9,761		9,761
Fines and forfeitures	2,249		2,249
Donations and gifts	656		656
Donations - Building fund	130		130
Miscellaneous income	25		25
	<hr/>	<hr/>	<hr/>
<u>Total revenues</u>	\$ 620,392	\$ 610	\$ 621,002
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Salaries and related benefits	278,635		278,635
Rents	13,475		13,475
Telephone & communication	61,919		61,919
Grant expense	3,432		3,432
Insurance	13,044		13,044
Intergovernmental	15,975		15,975
Utilities	14,210		14,210
Professional services	9,821		9,821
Bookmobile	7,230		7,230
Travel	1,401		1,401
Repairs and maintenance	18,109		18,109
Materials and supplies	10,965		10,965
Subscriptions & periodicals	16,542		16,542
Capital outlay	55,127		55,127
Other Expenses	995		995
	<hr/>	<hr/>	<hr/>
<u>Total Expenditures</u>	\$ 520,880	\$ -	\$ 520,880
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2014  
(Continued)

	General Fund	Special Revenue Funds	Total (Memorandum) (Only)
<u>NET CHANGE IN FUND BALANCES</u>	<u>99,512</u>	<u>610</u>	<u>100,122</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>1,002,150</u>	<u>10,241</u>	<u>1,012,391</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 1,101,662</u>	<u>\$ 10,851</u>	<u>\$ 1,112,513</u>

The accompanying notes are an integral part of this statement



AUDUBON REGIONAL LIBRARY  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ 100,122
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount which depreciation exceeded capital outlays in the current period.

Depreciation expense	(43,081)
Capital outlays	<u>55,127</u>

Change in net position of governmental activities	<u><u>\$ 112,168</u></u>
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The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**INTRODUCTION**

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of eight members, three appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson are supported by property tax assessments in both parishes.

**Note #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying basic financial statements of the Audubon Regional Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Government, issued in June 1999.

**REPORTING ENTITY**

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- A. Appointing a voting majority of an organization's governing body, and
  1. The ability of the police jury to impose its will on that organization, and/or
  2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- B. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

- C. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries. The accompanying basic financial statements present information only on the funds maintained by the library.

**FUND ACCOUNTING**

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain library functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the library are classified as governmental funds. Governmental funds account for the library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds account for all or most of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library. The following are the library's governmental funds:

General fund

General fund is the primary operating fund of the library. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transacted in accordance with state and federal laws and according to the library policy.



AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**MEASUREMENT FOCUS / BASIS OF ACCOUNTING**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the library as a whole. These statements include all the financial activities of the library. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when each is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Non-exchange Transactions.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from library users as a fee for services; program revenues reduce the cost of the function to be financed from the library's general revenues.

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and used (i.e. expenditures and other funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the library's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be



AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures.

**Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Taxes are generally collected in December of the current year end and January and February of the following year.

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is not accrued.

**Other Financing Sources (Uses)**

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

**Budgets**

The director directs the preparation of a proposed budget annually and submits it the Board for adoption.

The public hearing announcement detailing the availability of the proposed budget for public inspection is advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

Formal budget integration is employed as a management control device during the year.

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Budgetary amendments require the approval of the board. All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

**Encumbrances**

The library does not use encumbrance accounting.

**Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Library's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**Prepaid Expenses**

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2014.

**Capital Assets**

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 - 7 years
Vehicles	10 years

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Library collections

5 - 7 years

**Compensated Absences**

Staff members who work 34 hours or more per week are considered full time. After having been employed 6 months and having satisfactorily completed the 6 month probationary period, employees will earn annual and sick leave as follows:

6 months through 4 years:	One work day per month
5 through 9 years:	1.5 work days per month
10 years and over:	2 work days per month

Twelve days of unused annual leave may be carried over. All unused sick leave may be carried over. Only full time employees will be compensated for unused annual leave upon termination. Part time employees are given one hour of sick leave for each twenty hours of service.

**Restricted Assets**

For government-wide statement of net position, assets are reported as restricted when constraints placed on asset use are either:

- A. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments; and
- B. imposed by law through constitutional provisions or enabling legislation.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Bad Debts**



AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would

indicate uncollectibility of the receivable. Although the specific charge - off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2014.

**Note #2      CASH AND CASH EQUIVALENTS**

These deposits are stated at cost which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2014, the library has cash and cash equivalents (book balances) totaling \$219,625. This total is comprised of \$57 cash on hand and \$214,792 in interest-bearing demand deposits

**Note #3      INVESTMENTS**

At December 31, 2014, investments are comprised of Time Certificates of Deposit and savings in the amount of \$391,941.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depositary insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category3). Time Certificates of Deposit and savings in the amount of \$120,788 is restricted as part of the building funds.

At December 31, 2014, the unrestricted investment's amortized cost and the market value are \$268,494.

**Note #4      RECEIVABLES**

The following is a summary of receivables at December 31, 2014

Ad valorem taxes	\$458,235
State revenue sharing	51,064
E-Rate	<u>24,474</u>
Total	\$533,773

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note #5      CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2014 is as follows:

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2014</u>
Vehicles & Equipment	\$ 121,264			\$ 121,264
Furniture & Equipment	419,627	25,017	0	444,644
Library Collection	621,680	30,110	0	651,790
Total	<u>\$ 1,162,571</u>	<u>\$ 55,127</u>	<u>0</u>	<u>\$ 1,217,698</u>
Less accumulated depreciation:				
Vehicles	\$ 121,264	\$ 0	0	\$ 121,264
Furniture & Equipment	416,797	9,547	0	426,344
Library Collection	435,795	33,534	0	469,329
Total	<u>\$ 973,856</u>	<u>\$ 43,081</u>	<u>0</u>	<u>\$ 1,016,937</u>

During 2014, the library purchased \$55,127 of capital outlay expenditures.

**Note #6      PENSION PLAN**

All full time employees of the library, regularly scheduled over 28 hours, are eligible to be members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Employees hired prior to 1/1/07 are eligible to retire with 7 years at age 65, 10 years at age 60 or with 30 years at age 55. Employees hired 1/1/07 and later are eligible to retire with 7 years at age 67, 10 years at age 62 or with 30 years at age 55. The retirement benefit is payable monthly for life and is calculated by multiplying the members years of service credit times 2% per year times the member's final average compensation. Final average compensation is defined



AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

as the average of the highest consecutive 36 months salary of members hired prior to 1/1/07. For those hired 1/1/07 and later, final average compensation is defined as the average of the highest consecutive 60 months salary. The retirement system issues an annual audit report and an annual actuarial report which can be downloaded from their website, [www.persia.org](http://www.persia.org).

Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 10% of annual covered payroll. The Library contributed \$8,393 during 2014 as its share of employees' contributions. The Library does not guarantee the benefits granted by the retirement system. In 2014, the Library had 4 full time qualified staff members.

**Note #7      LEASES**

The library is committed under leases for building and office space. These leases are considered for accounting purposes to be an operating lease. Lease expenditures for the year ended December 31, 2014, amounted to \$13,475.

Future minimum lease payments for these leases are as follows:

Year Ending	Amount
2015	13,800
2016	12,200
2017	<u>4,200</u>
	<u>30,200</u>

The library has no capital leases.

**Note #8      LITIGATION AND CLAIMS**

The library was not involved in litigation at December 31, 2014.

**Note #9      LEVIED TAXES**

In November 2007, the voters in East Feliciana and St. Helena Parishes approved a millage rate of 2.50 mills to be levied for the next ten years in support of the library.

The following is a summary of levied ad valorem taxes for 2014.

Parish wide maintenance tax

East Feliciana	2.50
St. Helena	2.50

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note #10      BOARD MEMBERS PER DIEM**

The board members are not paid per diem or compensation for their service.

**Note #11      RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure.

**Note #12      RISK MANAGEMENT**

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reduction in insurance coverage from the prior year.

**Note #13      SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 26, 2015, the date on which the financial statements were available to be issued.

**Note #14      E-RATE REVENUE**

Audubon Regional Library qualifies and participates in the federal E-RATE program. This program reimburses the Library for a percentage of telecommunication and Internet charges by AT&T and Century-Tel. The program runs each year from June 30 - July 1. In 2014, charges for networking and phone service were \$61,919 and the E-Rate reimbursement was \$62,684.

**Note #15      Special Revenue Funds**

Sarah T. Jones Memorial Fund accounts for funds donated to the library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the library.

The Judge William T. Bennett Memorial Funds accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations or equipment for the library.

Clinton and Greensburg Library Building Funds are funds to be raised for the purposed building of new library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2014

Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts are funds donated to the Library by friends of Sarah T. Jones. These funds are used exclusively for the purchase of furniture and equipment for the library.

Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Fund accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations, or equipment for the Library.

Clinton and Greensburg Library Building Funds

These donations are funds to be raised for the purpose of the building of new library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY  
Special Revenue Funds  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
December 31, 2014

	Library Building Funds	Sarah T. Jones Memorial Fund	Judge William T. Bennett Memorial Fund	Total (Memorandum) (Only)
<u>ASSETS AND OTHER DEBITS</u>				
Assets				
Investments and savings	\$ 120,787	\$ 1,573	\$ 1,087	\$ 123,447
<u>Total Assets</u>	<u>120,787</u>	<u>1,573</u>	<u>1,087</u>	<u>123,447</u>
 LIABILITIES, EQUITY AND OTHER EQUITY				
<u>EQUITY AND OTHER CREDITS</u>				
Fund balance				
undesignated	<u>\$ 120,787</u>	<u>\$ 1,573</u>	<u>\$ 1,087</u>	<u>\$ 123,447</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DECEMBER 31, 2014

	LIBRARY BUILDING FUNDS	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>REVENUES</u>				
Interest earnings & deposits	\$ 57,114	\$ 5	\$ 4	\$ 57,123
<u>Total Revenues</u>	<u>57,114</u>	<u>5</u>	<u>4</u>	<u>57,123</u>
<u>EXPENDITURES</u>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>57,114</u>	<u>5</u>	<u>4</u>	<u>57,123</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>63,673</u>	<u>1,568</u>	<u>1,083</u>	<u>66,324</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 120,787</u>	<u>\$ 1,573</u>	<u>\$ 1,087</u>	<u>\$ 123,447</u>

The accompanying notes are an integral part of this statement



## **REQUIRED SUPPLEMENTAL INFORMATION**

AUDUBON REGIONAL LIBRARY  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
General Fund  
Year Ended December 31, 2014

	Budget	Actual	Variance - Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 461,784	\$ 461,784	\$ -
State revenue sharing	51,064	51,064	0
E-Rate revenue	50,957	62,684	11,727
State aid	27,827	27,827	0
Local grants	3,672	3,672	(0)
Interest earnings	2,048	1,150	(898)
Fees and charges for library services	9,566	9,761	195
Fines and forfeitures	2,368	2,249	(119)
Donations and gifts	1,870	656	(1,214)
Donations - Building fund	317	130	(187)
Miscellaneous income	300	25	(275)
<b><u>Total revenues</u></b>	<b>\$ 611,773</b>	<b>\$ 621,002</b>	<b>\$ 9,229</b>
<b><u>EXPENDITURES</u></b>			
Salaries and related benefits	279,071	278,635	436
Rents	13,800	13,475	325
Telephone & networking	63,076	61,919	1,157
Grant expense	3,432	3,432	0
Insurance	13,367	13,044	323
Intergovernmental	15,975	15,975	0
Utilities	14,561	14,210	351
Professional services	9,971	9,821	150
Travel	3,500	1,401	2,099
Repairs and maintenance	20,084	18,109	1,975
Materials and supplies	16,803	10,965	5,838
Bookmobile	10,000	7,230	2,770
Subscriptions & periodicals	19,201	16,542	2,659
Capital outlay	76,075	55,127	20,948
Miscellaneous	1,700	995	705
<b><u>Total Expenditures</u></b>	<b>\$ 560,616</b>	<b>\$ 520,880</b>	<b>\$ 39,736</b>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
General Fund  
Year Ended December 31, 2014  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 51,157</u>	<u>\$ 100,122</u>	<u>\$ 48,965</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>1,012,391</u>	
FUND BALANCE AT END OF YEAR		<u><u>\$ 1,112,513</u></u>	

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Clinton, Louisiana  
Schedule of Compansation, Benefits, and  
Other Payments to Agency Head  
For the Year Ended December 31, 2014

MARY LINDSAY

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ 38,405
Benefits - Retirement	-
Total Salary & Benefits	<u>\$ 38,405</u>
Other Items:	
Education & Training	75
Travel	441
Dues	
Total Other Items	<u>\$ 516</u>
Total Salary, Benefits, & Other Items	<u><u>\$ 38,921</u></u>

PATRICIA BOATMAN

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ 17,230
Benefits - Retirement	834
Total Salary & Benefits	<u>\$ 18,064</u>
Other Items:	
Education & Training	
Travel	111
Dues	
Total Other Items	<u>\$ 111</u>
Total Salary, Benefits, & Other Items	<u><u>\$ 18,175</u></u>

The accompanying notes are an intgeral part of this statement

# MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

**McDUFFIE K. HERROD**  
CERTIFIED PUBLIC ACCOUNTANT

Member:

American Institute of CPAs  
Society of Louisiana CPAs

POST OFFICE BOX 8436  
12410 WOODVILLE ST.  
CLINTON, LA 70722  
Telephone (225) 683-3888  
Facsimile (225) 683-6733  
Email [mkherrod@bellsouth.net](mailto:mkherrod@bellsouth.net)

**INDEPENDENT AUDITOR'S REPORT  
REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Audubon Regional Library, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Audubon Regional Library's basic financial statements, and have issued our report thereon dated June 26, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Audubon Regional Library's internal control over financial reporting (internal control) as a basis to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Audubon Regional Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Audubon Regional Library's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

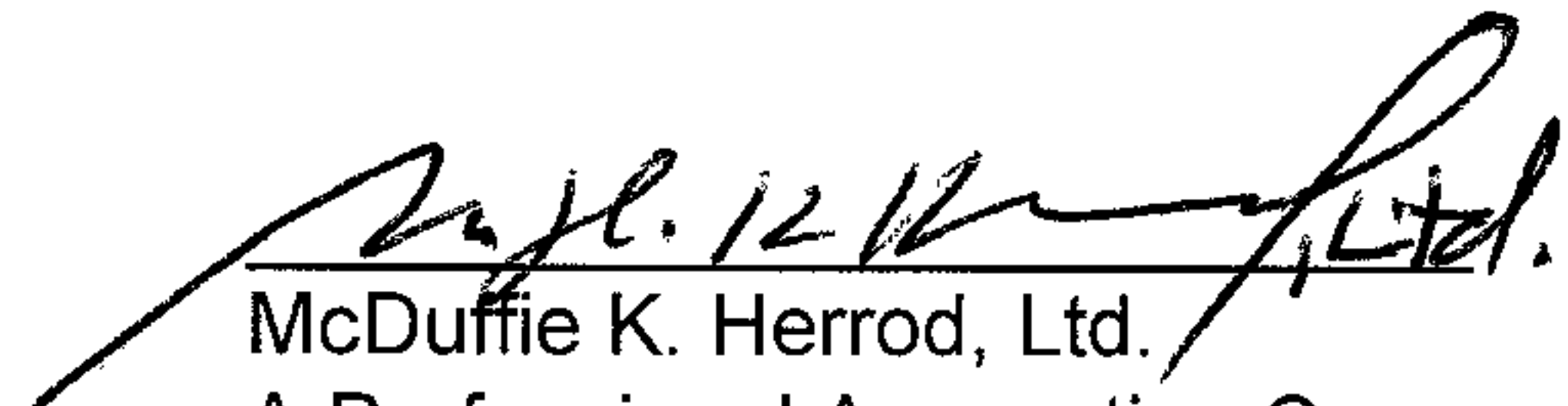


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Audubon Regional Library's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audubon Regional Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation  
June 26, 2015

AUDUBON REGIONAL LIBRARY  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENNDED DECEMBER 31, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Audubon Regional Library.
2. No instances of noncompliance material to the financial statements of the Audubon Regional Library were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

2013 - 1

The Audit Report was filed late due to the illness of the auditor.

Current Status – not a recurring issue.

C. CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

D. MANAGEMENT LETTER

A management letter was not issued.